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DOCUMENT-IDENTIFIER: US 6604080 B1

TITLE: Computer system and methods for supporting workers' compensation/employers liability insurance

Brief Summary Text (130):

Further, with regard to the understanding that the employer is in all plans the ultimate responsible party to provide workers' compensation benefits to injured employees in the "compulsory states," the severing of Part A and Part B to a standard workers' compensation policy gives the least exposure to the employer. Under state law, the insurance company is liable to the injured employee. If the insurance company should fail, then the state guarantee fund becomes liable. Then, if the guarantee fund should not pay, the employer must do so. Contrast this with group self-insurance or assessable mutuals, where first the premium pool pays, and, if it becomes insolvent, then all member employers are jointly and severally liable or pro rata liable for all other members' workers' compensation obligation to its injured employees (in those majority of states that do not have guarantee funds or group insurance). In individual self-insurance, the individual employer already pays first dollar up to a retention limit, then the excess insurance begins to pay. In ERISA plans, depending on the structure of the plan, and in Twenty-Four Hour Coverage plans, depending on the states various laws, it is difficult to legally determine if guaranty funds would have to legally be obligated to pay in the event of insolvency of participating insurance carriers.

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